UTILITY COMMITTEE

The Utility Committee Meeting was held on September 14, 2015 at 5:00 p.m. with Chairman Hutchison presiding. Members present were Mr. Cole, Mr. Neil, Mr. Blakeman, and Ms. Stewart. Members of Council present were Mr. Anderson, Mr. Hare, and Mr. Slavin. Mayor Christiansen was also present.

AGENDA ADDITIONS/DELETIONS

Mr. Neil moved for approval of the agenda, seconded by Mr. Cole and unanimously carried.

Annexation Request - Easterly side of Nixon Lane and 121 Acorn Lane, owned by Paul C. Phillips and Theresa HoShue

Mr. Scott Koenig, City Manager, reviewed a Petition to Annex and Zone Property located on the easterly side of Nixon Lane (Lot 1), consisting of $0.5171^{+/-}$ acres, and 121 Acorn Lane (Lot 2), consisting of $0.4609^{+/-}$ acres, owned by Paul C. Phillips and Theresa HoShue. He explained that the property on Nixon Lane is currently a vacant lot, and the property owners would like to have a single-family house on the property. Mr. Koenig informed members that this is a Category 1 area which is a high-priority annexation area. He stated that there are public utilities, both water and sewer, available in Nixon Lane. Mr. Koenig explained that the property on Nixon Lane is not contiguous to property within the City of Dover limits, which is a City requirement for the annexation of property. As a result, the owners have also requested the annexation of 121 Acorn Lane, which is currently a residential lot with City of Dover electric, water, and sewer. Mr. Koenig stated his understanding that the owner currently pays out-of-City rates and, if the property is annexed, they will pay in-City rates.

Staff recommended that the City proceed with annexation of the subject properties.

Referring to the site map for Application No. AX-15-01, dated August 14, 2015, Mr. Blakeman questioned whether the property located at 121 Acorn Lane was contiguous to the City, noting that it appeared that both properties were surrounded by properties within Kent County. Responding, Mr. Koenig explained that 121 Acorn Lane was contiguous to the right-of-way of Acorn Lane. In regard to the Nixon Lane property, he stated that both sides of the road are out of City limits; therefore, it was not eligible for annexation without the annexation of 121 Acorn Lane. Mr. Koenig noted that the bold, black line indicated the City of Dover boundary and that the line on Acorn Lane should have been depicted in the center of the road but the mapping was slightly off.

Mr. Neil moved to recommend approval of staff's recommendation to proceed with annexation of the subject properties, seconded by Mr. Blakeman.

In response to Mr. Anderson, Mr. Koenig explained that the annexation of these properties would create an additional sawtooth effect on Acorn Lane; however, annexation would expand the City limits.

Responding to Mr. Anderson, Mr. Koenig stated that both of the property owners were in favor of this annexation.

The motion to recommend approval of staff's recommendation to proceed with annexation of the subject properties was unanimously carried.

Evaluation of Proposals - North American Electric Reliability Corporation (NERC)/ Reliability First Corporation (RFC) Support and Internal Audit Review (RFP 15-0032EL)

Mr. Scott Koenig, City Manager, advised members that the Electric Utility was scheduled for a North American Electric Reliability Corporation (NERC) internal audit by its contractor, Reliability First Corporation (RFC), in April 2016. Given the high turnover rate in the Electric Department supervision over the last three (3) years, staff recommended that the Utility Committee and City Council approve the request for audit/consultation services for the regulated aspects of the electric operations. While the City provides monthly, quarterly, and yearly audit material/evidence to RFC to prove its compliance, the annual items that RFC requests material for are only a snapshot of the total standard list applicable to the City of Dover's current registration as a Distribution Provider (DP) and Load Serving Entity (LSE). Mr. Koenig stated that this is a very difficult technical audit, and in order to ensure 100% compliance with all regulatory standards, this audit consultation would provide standardized, clear, and concise documentation to prove the City does what is does, offer a path forward to implement a viable self-improvement and assessment program, and also avoid any possible findings that may result in fines for non-compliance.

Mr. Koenig explained that the Electric Department issued a Request for Proposal (RFP) 15-0032EL, NERC/RFC Support and Internal Audit Review to solicit external auditing agencies for their services in preparation of the NERC/RFC compliance audit slated for calendar year 2016. Proposals were received from 11 prospective vendors, with quotes ranging from $28,100 on the low end to a high dollar quote of $614,000. Mr. Koenig stated that the senior management of the Electric Department reviewed all the proposals and ranked them in preference order based on completeness of proposal, company experience, estimated hours, cost per hour, travel cost additions, and total costs. The list of 11 vendors was narrowed down to three (3) finalists. Teleconferences and in-person meetings were conducted to ask a base set of questions to help decide the most qualified vendor for the City of Dover. After careful deliberation, staff recommended the approval of the proposal from NAES Corporation for an amount not to exceed $116,285. This company offered the best mix of experience in both the operational and compliance arenas of the electric utility with 160+ audits. Their proposal also met all of the criteria in the RFP and they have full-time personnel located in New Castle, Delaware.

Staff recommended awarding the contract to the NAES Corporation in an amount not to exceed $116,285.

In response to Mr. Hutchison, Mr. Koenig stated that the last audit was performed in approximately 2010.

Mr. Hutchison asked how long the audit would take to complete. Responding, Mr. Harry Maloney, Electric Director, explained that the consultant would be helping staff over the next three (3) to four (4) months. He stated that on January 18, 2016, he will receive a letter indicating that the City has 30 days to fill out what NERC/RFC wishes to audit during the operation and maintenance audit. RFC will request documentation for certain items, so staff and the consultant have a lot of work to do in the next three (3) months.

Mr. Maloney stated that the consultant will also help the City be in compliance with cyber infrastructure protection (CIP). He noted that this is different from the CIPs in the City's budget process. The cyber infrastructure protection is related to cyber security, computers, networks, and relaying. Mr. Maloney informed members that the CIP standards were approved over one (1) year ago, and the City will have to be in compliance with CIP one (1) year from now. He noted that the consultant would provide the standards and some staff training. Mr. Maloney stated that the big utilities, such as Delmarva and Philadelphia Electric, had to be compliant this year; however, smaller utilities, like the City of Dover, do not have to be compliant until next year.

In response to Mr. Hutchison, Mr. Maloney stated that he was comfortable saying that staff could have everything done and be ready to go by January with the consultant's help. He explained that there is a lot of writing and documentation involved in the process, which involves pulling documentation out of the City's procedures to show what the City has been doing and putting everything in the correct format for the liability standards.

Mr. Hutchison asked how often the City should be completing an audit. Responding, Mr. Maloney stated that the City is forced to audit every six (6) years. He noted that the auditors now look at how the City's compliance culture is done. Once the City has a compliance culture set up and gets things rolling, maybe in about three-and-one-half years, the City would ask someone to come in to do an internal spot audit to see where the City stands. In another six (6) years, by 2022, the City will be better prepared. Mr. Maloney noted that there is a learning process as staff goes through an audit.

Mr. Neil asked whether the City would have a chance to make corrections to satisfy the audit, if staff finds that there is something that is not being done that should be. In response, Mr. Maloney stated that the City would have a chance to make corrections if the City self-reports. Mr. Maloney explained that, as the City's compliance officer, if he finds that the City has missed something that is really bad, he has to self-report and then the City will have to implement the Find, Fix, and Track (FFT) procedure. He stated that, through the FFT, the City would set up a procedure for how long to be in compliance and then submit that on a regular basis until the City comes into compliance. Mr. Maloney noted that it is better for the City to catch itself than for the auditor to catch the City because the auditor figures that the City would just sit back and wait, and hope to get away with it; whereas, if there is a compliance culture, staff finds something and reports it.

Responding to Mr. Neil, Mr. Maloney stated that if staff or the consultant find something that is really bad within this three-month period leading into January, he will self-report it. He noted that he had to self-report when he was previously employed in Vineland, New Jersey, which went a lot easier than getting caught and going through the documents. Mr. Maloney stated that NERC/RFC do not come down as hard on you when you self-report.

Mr. Neil asked what would happen if the staff misses something and NERC/RFC finds it. In response, Mr. Maloney explained that it would depend on the scenario and how bad it is, for instance, has it really affected transmission; is it moderate in severity; what could it do to the grid; or can it knock out the peninsula - which is the worst scenario. He advised members that if the City did not do something that could knock out the whole peninsula, it would be a pretty bad situation; however, the City only has the Cartanza interface and a couple of relays, so it is not that bad. Mr. Maloney stated that those things are kept up on and the rest are minor scenarios. He explained

that if NERC/RFC finds something, they will implement the FFT and, hopefully, the severity would be really minimum and they would not fine the City, noting that they would rather help the City get in compliance than to give fines.

Mr. Anderson questioned why Burkard & Associates ranked so low. Responding, Mr. Maloney stated that Burkard & Associates were mainly a New England company and, when staff looked at their background and expertise, it was determined that they are a small company and did not seem to be a good fit for Dover and being in the PJM RFC footprint. Mr. Maloney noted that NAES listed double the hours of Burkard & Associates, and reminded members that the City only has three (3) months to get help to get in compliance.

In response to Mr. Neil, Mr. Koenig advised that there was $175,000 included in the budget for these types of services and this request was for $116,285.

Mr. Blakeman moved to recommend awarding the contract to the NAES Corporation in an amount not to exceed $116,285, as recommended by staff, seconded by Mr. Cole, and unanimously carried.

Overview of Hedge Program

Mr. Scott Koenig, City Manager, provided an overview of the City's Hedge Program, noting that the Hedge Program is discussed by the Risk Management Committee, which is comprised of him; Mrs. Donna Mitchell, Controller/Treasurer; Mr. Harry Maloney, Electric Director; and the City's advisers from The Energy Authority (TEA). Mr. Koenig explained that the purpose of the Hedge Program is to help the City accurately predict what power supply costs will be in the future. The Hedge Program is a paper transaction that happens when the City buys forward power purchases in small quantities, such as five (5) megawatts, eight (8) megawatts, 15 megawatts, etc. He stated that the program was currently scheduled for five (5) years into the future, with laddered down hedges.

Mr. Koenig advised members that for the current year the hedge target is 80% of the City's total power supply cost, and the target decreases by 20% for each out year and then rolls forward as the City moves in to the next year. He stated that staff is always looking into the future and the Risk Management Committee considers the recommendations of TEA analysts and experts, and asks them to explain the basis for each recommendation prior to the Committee voting to secure the hedges. Mr. Koenig stated that, in recent months, TEA has been able to buy power for slightly less than the price that was quoted in their recommendation to the Risk Management Committee, explaining that the Committee may have voted to buy power at $32 and then it only cost $31 or $31.50 in the market. He noted that there is never a guarantee in this market. Mr. Koenig reiterated that the purpose of the Hedge Program is to manage the City's risk and, when setting the customer rates, to know exactly what power will cost next fiscal year. He stated that, over the next few months, staff will be developing a good idea of what most of the City's power will cost next year.

Mr. Koenig noted that, as indicated in the TEA Reports, it was interesting that this year, even in the summer months when they predicted that it would be really expensive to buy energy, it was relatively cheap due to very low gas prices. He indicated that during the last Risk Management Committee meeting, members discussed whether or not to alter the City's forward purchases to take advantage

of the current, historically low, gas prices and asked TEA for additional information regarding these purchases. Mr. Koenig stated that it is not an exact science and difficult to know whether the City has made a good purchase until the actual power year.

Mr. Koenig stated that the market depends on what is happening in the world and the idea of buying the hedges is so that the City is not at 100% risk in the market. He informed members that during some of the polar vortex days, prices were as high as $1,700 or $1,800 per megawatt; however, most recently, the City had bought hedges four (4) or five (5) years out for approximately $32 per megawatt. Mr. Koenig stated that the numbers are all over the board some days but, over the last four (4) years, he had really seen a decline in the costs of the City's composite hedge, the sum of all of the purchases for the current power year, which is why the City has been able to adjust the power rates down over the last few years.

Mr. Koenig stated that the Hedge Program is considered a confidential program because, in the power supply business, nobody wants anyone to know what they are actually paying for power. He noted that was why the power purchase agreements are considered confidential; however, being a public entity creates a bit of a conflict for the City in this regard.

Mr. Koenig informed members that the Risk Management Committee receives monthly calculations regarding the value of the City's hedges and how much risk has been reduced as a result of the hedges. He stated that the Hedge Program allows him to bring forward a budget with confidence that the range for what the City will pay for power supply is accurate because the City bought a lot of it already. If the market drops and power becomes extremely cheap, then there could be times when the City's hedges are more expensive than buying from the market and that would not be good; however, there is no way to predict three (3) or four (4) years out whether the prices will drop.

Referring to the Risk Management Summary in the July TEA/NAES Report (Page 17 of the Utility Committee Packet), Mr. Blakeman stated that the Hedge Ratio for Power Year (PY) 2019-20 was now at 5% and the Monthly Change ($/MWh) reflected at negative $0.20. He noted that it was at 0% in the June TEA/NAES Report and questioned if something had precipitated this change. Responding, Mr. Koenig advised that last month was the first month that the City could buy power for 2019-20 and the City bought 5% of the total for 2019-20. He did not know why it reflected a negative $0.20 change, but stated that he would ask.

Mr. Neil asked if the City's deal with Calpine is basically to make sure that the City has access to power if it is needed, as opposed to what the cost of the power is. In response, Mr. Koenig explained that the City has a capacity purchase agreement with Calpine which is different from this discussion related to energy purchasing. He stated that the Calpine deal is to replace the 34-megawatts that are retiring with Units 1 and 2 for capacity, plus additional capacity because staff expects some load growth and believes that the City needs the 50-megawatt deal.

Referring to the table of the most recent settlement prices for Pennsylvania Solar Renewable Energy Credits (SRECS) in the July TEA/NAES Report (Page 17 of the Utility Committee Packet), Mr. Blakeman noted that the 2014/2015 SREC Balance was 2,687 and this balance decreased to 292 for 2015/2016, which is the lowest number the City has seen. He asked if that was going to be a

crucial date for having to give up SRECS. Responding, Mr. Koenig stated his belief that this has to do with the City's renewables and that would be the year that the City has to bring on additional renewables, which is why there is a decrease in the SRECS.

In response to Mr. Blakeman, Mr. Koenig stated that the City would have to replace the SRECS with something else and noted that the City would be building facilities, having facilities built, or partnering with facilities.

Mr. Hutchison stated his understanding that the City got slammed one (1) particular month last year and asked Mr. Koenig to explained what happened. Responding, Mr. Koenig informed members that there were two (2) instances in the last two (2) fiscal years. He stated that the polar vortex occurred in fiscal year 2013/2014, and the City experienced a similar problem in the month of February last year, where there were very high energy prices, very high demands, and the City had to buy extra on the market. Mr. Koenig recalled that the first year, the bill was approximately $5M extra for the month of February and, this past year, it was approximately $2M extra. He reiterated that this was the result of extremely cold weather and extremely high demands, and the City did not overbuy because the weather cannot be predicted that easily. Mr. Koenig explained that if staff had tried to figure the weather into the hedge purchasing, overbought the energy and did not sell it, the City would have had to absorb the expense.

Mr. Koenig noted that Delaware Electric Cooperative is very good at their Beat the Peak programs for the summer and winter. He stated that as the City discusses how to manage its load in the future, for both the summer and the winter peaks, there is a need to get a better handle on how to get customers, if appropriate, to be able to adjust their use. Mr. Koenig explained that in the winter time it is a little more difficult because people do not want their pipes to freeze but they could lower their thermostats slightly to save on energy demand. He advised that it is a very difficult program and there is a lot of work involved in getting a good energy management program in place because it requires the customer to change their behavior rather instantaneously.

Mr. Koenig informed members that the City's bill comes in quickly from the PJM so the City has to pay cash out and the money coming in from the customers is a little behind when the PJM bill is paid. He explained that, in both instances when the City had really high demands, the City had to transfer money from the Rate Stabilization Fund, at least on a temporary basis, to make the cash flow work. Mr. Koenig advised that one (1) of the purposes of the Rate Stabilization Fund is to have the cash available to make payments on time, in case the City experiences these very high spikes in the market and in demand.

Mr. Blakeman moved to recommend acceptance of the overview of the hedge program, seconded by Mr. Cole, and unanimously carried.

TEA/NAES Report *(July)*

The TEA/NAES Monthly Report for July 2015 was provided to members to enable them to monitor electric sales and revenues received, which will provide a better understanding of any fluctuations that occur and allow the opportunity to make improvements if deemed necessary.

Mr. Scott Koenig, City Manager, reminded members that this was the first period of the fiscal year. He stated that the City's power supply costs were below budget for the month of July and the City was actually able to generate more revenue than anticipated. Mr. Koenig explained that the City generated $533,638 in net generation revenue versus a $492,400 estimate. Referring to the Budget Report (Page 18 of the Utility Packet), he informed members that the power supply cost was approximately $1.1M under budget and the total utility cost was approximately $1.5M under budget. He stated that the City's total cost of service was budgeted at $71.27 and it actually came in at $52.74. Looking at just this portion of the budget, from a power supply standpoint, July was a good month for the City. Mr. Koenig noted that the goal is to be slightly in the black at the end of the year as a result of forecasting correctly over the 12-month period.

Mr. Koenig stated that all of the other items seemed to be in line with the current budget, reiterating that this was period one (1) of 12.

Referring to Appendix 1 - PJM Invoice (Pages 34-37 of the Utility Committee Packet), Mr. Blakeman stated that TEA's summary of the PJM settlement was extremely good. He noted that, on the last page, the total receivable was listed as $84,000; however, that was really the receivable for one (1) month. Mr. Blakeman stated that it would be helpful and more clear if the total receivable for the month was included, explaining that, for July, it was actually $282,000 as opposed to the $84,000 listed in the report. He acknowledged that the total receivable for the month was only $282,000 because of the credits the City gets. Mr. Blakeman explained that the charges were $1.4M but the credit was $1.1M, so the City ended up writing a check for $282,000 instead of millions of dollars. He stated that it really stands out when written that way and it would be very helpful if TEA would add the total receivable for the month.

Responding to Mr. Blakeman, Mr. Koenig noted that, when it is all said and done, it is a good deal. Mr. Blakeman noted that the City could not do much better than that.

Mr. Anderson asked if there was an expiration date on the SRECS or if they are good as long as the City holds them. In response, Mr. Koenig stated his understanding that the SRECS do expire. Mr. Maloney noted that members did not need to worry about the SRECS expiring because they will be running out shortly. He explained that the City does use the oldest ones first and he believed that the City had built up some SRECS at first because there was not a requirement. Mr. Maloney informed members that the requirements have been kicking in and each year they notch up. He reminded members that the City only bought 15% of the SRECS from the Solar Park, so the City will either have to build or purchase. Mr. Maloney noted that the Delaware Municipal Electric Corporation (DMEC) was working with the City and DMEC helped the City with this year's bill, which includes wind, solar, etc.

Responding to Mr. Blakeman, Mr. Maloney confirmed that the City was still getting credits for the solar panels on the administrative building at the plant.

Mr. Neil moved to recommend acceptance of the TEA/NAES Monthly Report for July 2015, seconded by Mr. Blakeman and unanimously carried.

Updates

Green Energy Funding and Programming and Dover Sun Park

Members reviewed details regarding Green Energy Funding and Programming, and the White Oak Solar Park Incremental Cost.

Mr. Scott Koenig, City Manager, noted that the report only included information for the first month of the budget year. Mr. Koenig stated that the City would be under increased pressure regarding renewables, and informed members that Mr. Harry Maloney, Electric Director, is working on an integrated resource plan that will likely identify additional solar projects that the City may undertake. Mr. Koenig stated that the City will be looking for partners. He noted that he was not sure if the City is really in a wind zone that can help from the wind stand point; however, one (1) of the things that is being discussed and seems promising is potentially battery storage. Mr. Koenig advised that there are a number of renewable technologies that staff will be looking at over the next few years to see how the City can comply with the laws and keep the costs manageable.

Noting that Mr. Koenig was reaching out to the major utility users, Mr. Hutchison asked if staff was specifically talking to them regarding this issue. Responding, Mr. Koenig informed members that staff had a group meeting with the City's largest electric customers, all of whom have very different needs and focuses. He stated that the one (1) customer that is probably in the best position to do significant energy efficiency and possibly green power projects is the Air Force Base. Mr. Koenig expressed his hope that the City will be able to develop a unique partnership with the Air Force Base over the next couple of years to help them meet their goals, as well as the City's goals as far as renewables, noting that the Air Force Base is under pressure from the federal government to get green energy and efficiency projects underway.

Mr. Koenig stated that for a couple of the other customers it is purely numbers-driven, whether they think that they can upgrade their facility economically and get a return on their investment. It was his understanding that Bay Health was one (1) that is potentially interested in some energy efficiency projects, since they said that they are committed to the community, they want the City to keep costs as low as possible, but are interested in things in addition to the electric rates to make the community better.

Mr. Koenig noted that a couple of the other larger users are interested in time of day use and had indicated that they are willing to modify the behavior of their businesses to help reduce higher costs. He reiterated that each of the City's five (5) largest users are unique; however, each of them is interested in how to control their power costs. Mr. Koenig informed members that there were a lot of good things that came out of that discussion and the City has a lot of work to do to see if the City can tailor rates to address some of the concerns of the largest users.

In response to Mr. Hutchison, Mr. Koenig stated that the Chamber of Commerce did participate in the meeting with the City's largest utility customers.

Mr. Blakeman stated that some of the farmers might be possible candidates for this kind of stuff, noting that they have large fields and are interested in cutting their energy costs, and the City could get the Solar Renewable Energy Credits (SRECS).

Garrison Oak Technical Park Project Updates
Mr. Scott Koenig, City Manager, provided the following updates:

City Infrastructure
Mr. Koenig informed members that the infrastructure construction was starting to wind down at the Garrison Oak Technology Park, noting that they were in the last 5% to 10% of construction. He stated that the base coat of the road was completely done all the way around; however, there was one (1) portion of the horseshoe that was not yet open to traffic because they are still trying to clean up some things and get the area between the curb and sidewalks graded.

Calpine Energy Center
Mr. Koenig stated that the Calpine Garrison Energy Center had been in commercial operation since early June. Calpine is finishing up all of their site work and the opening ceremony for the facility is scheduled for October 1, 2015.

Mr. Koenig stated that the Uzin Utz facility has scheduled their ceremonial opening for September 25, 2014.

Mr. Koenig informed members that the City's contractor was beginning to clean up the construction equipment, and noted that the large soil piles had been removed. He stated that the water tower top was up and it is progressing through construction. Mr. Koenig explained that the primary coat of paint had been put on the tower, noting that it was blue, which would not be the final color.

Mr. Koenig stated that they are in the process of making the final link of the sanitary sewer to the small pump station further east on White Oak Road, which will be abandoned as part of this project.

Mr. Koenig explained that the City had begun asbestos abatement at the old farmhouse and the demolition bids for that structure, as well as some of the ancillary structures around the old farmhouse, were scheduled for later this month. He expects that the City will be completing the land transaction for Lot 13 in late October.

Mr. Koenig noted his expectation that all or most of these contracts will be closed out by the end of the year and final payments will be released to the contractors.

Mr. Blakeman asked if the old farmhouse would be a candidate for a fire burn for the Fire Department. Responding, Mr. Koenig reminded members that the old farmhouse had asbestos in it; therefore, staff did not propose burning it. He also noted that staff did not want to jeopardize the brand new industrial facility at the site.

Mr. Blakeman asked if the City had made progress on Route 1 access to the site. In response, Mr. Koenig stated that the Garrison Oak Connector Road was included on the transportation prioritization list which was scheduled for consideration by City Council at their meeting being held later in the evening. He noted that a lot of the right-of-way was in place; however, the funding for the road was not and there was currently not a user generating enough traffic that needs access to Route 1 to warrant the road. Mr. Koenig explained that all of the current users seemed to be content

with the existing road structure. He stated that if the City were able to land a large employer that would generate the necessary traffic to push the Delaware Department of Transportation (DelDOT), staff would hope that the project would move up the priority list, noting that it was on the radar for DelDOT.

Mr. Hutchison asked what the total cost of this project was. Responding, Mr. Koenig stated that he did not have that information with him; however, he believed that the all-in numbers were approximately $14.2M, which includes the roads and storm sewers, the water mains, the sanitary sewer mains, the new pump station at Garrison Oak, the upgrading of White Oak 5 Pump Station adjacent to White Oak Farms, the new 1.5M gallon water tower, all of the street lighting, the distribution power lines along the road, approximately $500,000 cost to move the 69kV line routed around the entrance to the east. He expressed his hope that the cost would decrease slightly, noting that the contracts seemed to be coming in slightly under budget.

Mr. Hutchison stated his believe that $14.2M was well above the number that was projected. In response, Mr. Koenig informed members that the original request from Calpine was $6M and the total $14.2M had been accounted for in all budgets since the initial request. He explained that the initial request for Calpine was about $6M which, early on, would have built approximately half of the road and the other infrastructure associated with it; however, the City sold the lot to Uzin Utz which required the City to build the rest of the infrastructure. Mr. Koenig stated that the City also built the water tower anticipating the entire build-out of the park, noting that it was constructed to be able to handle demand associated with blocks 1 and block 2 of the Garrison Energy Center as well as the full build-out of the park. He advised that, as of today, the City over built the infrastructure with the anticipation that the additional development would levelize the City's investment.

Mr. Blakeman moved to recommend acceptance of the report, seconded by Mr. Cole and unanimously carried.

Mr. Neil moved for adjournment, seconded by Mr. Hutchison and unanimously carried.

Meeting adjourned at 5:47 p.m.

James L. Hutchison, Sr.
Chairman

JLH/TM/dd
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